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HOUSE BILL 535

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

Daniel P. Silva

AN ACT

RELATING TO PUBLIC WORKS; WITHHOLDING CERTAIN AMOUNTS FROM
STATE CONTRACTS FOR PUBLIC WORKS PROJECTS FOR THE PURPOSE OF
FINANCING THE CONSTRUCTION OF A BUILDING FOR THE ENGINEERING
SCHOOL AT THE UNIVERSITY OF NEW MEXICO; AUTHORIZING THE NEW
MEXICO FINANCE AUTHORITY TO ISSUE BONDS FOR THE PROJECT; MAKING
AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. CONTRACTS FOR PUBLIC WORKS--WITHHOLDING FOR
FINANCING ENGINEERING SCHOOL--BONDS AUTHORIZED--APPROPRIATION
OF PROCEEDS.--

A. As used in this section:

(1) "authority" means the New Mexico finance
authority;

(2) "fund" means the engineering school

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1 bonding fund;

2 (3) "public works project" means a project,
3 with a total state appropriation of more than one hundred
4 thousand dollars (\$100,000) for the construction,
5 reconstruction, repair, alteration, demolition, installation or
6 extension of a building, highway or any other improvement on
7 real property owned by the state or any of its political
8 subdivisions or institutions; and

9 (4) "state appropriation" means the amount of
10 money appropriated by the legislature for a public works
11 project, including direct appropriations from the general fund
12 or another fund of the state, the use of severance tax bond
13 proceeds, the use of state general obligation bond proceeds and
14 the use of proceeds from bonds or loans issued or made by the
15 New Mexico finance authority.

16 B. When entering into a contract for a public works
17 project, the state agency, political subdivision or institution
18 entering into the contract shall set aside and transfer an
19 amount equal to two-tenths percent of the state appropriation
20 for the project to the New Mexico finance authority for deposit
21 into the engineering school bonding fund.

22 C. The "engineering school bonding fund" is created
23 as a special fund within the authority. The fund shall be
24 administered by the authority as a special account. The fund
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1 shall consist of money transferred to the fund pursuant to the
2 provisions of Subsection B of this section. Earnings of the
3 fund shall be credited to the fund. Balances in the fund at
4 the end of a fiscal year shall remain in the fund, except as
5 provided in this section.

6 D. Money in the fund shall be pledged irrevocably
7 by the authority for the payment of principal and interest on
8 all bonds issued pursuant to this section. Money in the fund
9 is appropriated to the authority for the purpose of paying debt
10 service, including redemption premiums, on the bonds and the
11 expenses incurred in the issuance, payment and administration
12 of the bonds.

13 E. Upon payment or defeasance of all principal,
14 interest and other expenses or obligations related to the
15 engineering school revenue bonds, the authority shall certify
16 to the board of regents of the university of New Mexico and the
17 department of finance and administration that all obligations
18 for the bonds have been discharged, and the department of
19 finance and administration shall direct that distributions to
20 the fund pursuant to Subsection B of this section cease.

21 F. The engineering school revenue bonds issued
22 pursuant to this section shall be payable solely from the fund
23 or such other special funds as may be provided by law and do
24 not create an obligation or indebtedness of the state within
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1 the meaning of any constitutional provision. No breach of any
2 contractual obligation incurred pursuant to this section shall
3 impose a pecuniary liability or a charge upon the general
4 credit or taxing power of the state, and the bonds are not
5 general obligations for which the state's full faith and credit
6 is pledged.

7 G. The state does hereby pledge that the fund shall
8 be used only for the purposes specified in this section and
9 pledged first to pay the debt service on the engineering school
10 revenue bonds issued pursuant to Subsection H of this section.
11 The state further pledges that Subsection B of this section,
12 authorizing the distribution to the fund or any law authorizing
13 expenditures from the fund, shall not be amended or repealed or
14 otherwise modified so as to impair the bonds to which the fund
15 is dedicated as provided in this section.

16 H. The authority is authorized to issue and sell
17 revenue bonds, known as "engineering school revenue bonds", in
18 a total amount not to exceed thirty million two hundred
19 thousand dollars (\$30,200,000), payable solely from the fund,
20 in compliance with this section and the New Mexico Finance
21 Authority Act when the board of regents of the university of
22 New Mexico has certified the need for the bonds.

23 I. The net proceeds from the engineering school
24 revenue bonds are appropriated to the board of regents of the
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1 university of New Mexico for the purpose of designing and
2 constructing the centennial engineering center at the
3 university.

4 J. The authority shall issue the engineering school
5 revenue bonds pursuant to the provisions of the New Mexico
6 Finance Authority Act, except as otherwise provided in this
7 section.

8 K. This section and the New Mexico Finance
9 Authority Act shall, without reference to any other act of the
10 legislature, be full authority for the issuance and sale of
11 engineering school revenue bonds, which bonds shall have all
12 the qualities of investment securities under the Uniform
13 Commercial Code and shall not be invalid for any irregularity
14 or defect or be contestable in the hands of bona fide
15 purchasers or holders thereof for value.

16 L. Engineering school revenue bonds are legal
17 investments for any person or board charged with the investment
18 of any public funds and are acceptable as security for any
19 deposit of public money.

20 M. All engineering school revenue bonds shall be
21 exempt from taxation by the state or any of its political
22 subdivisions.

23 Section 2. EFFECTIVE DATE.--The effective date of the
24 provisions of this act is July 1, 2004.
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